

FISCAL NOTE
SB 2123 - HB 2330

January 21, 2000

SUMMARY OF BILL:

1. Provides for uniformity in local government investments.
2. Provides that local government investments of bond proceeds and debt reserves in bonds, notes or treasury bills of the United States; non-convertible debt securities of certain issuers; other obligations guaranteed as to principal and interest by the United States; certificates of deposit at state and federally chartered banks; and money market funds may have a maturity of not greater than two years from the date of investment.
3. Reduces from 150,000 to 20,000 the population limit for cities and counties which are authorized to invest in prime commercial paper and bankers acceptances.
4. Specifies that the bankers acceptances must be eligible for purchase by the federal reserve systems and the commercial paper must be rated at least A1 by two nationally recognized rating services.

ESTIMATED FISCAL IMPACT:

Decrease Local Govt. Revenues - Net Impact - Exceeds \$100,000

Estimate assumes:

- local governments previously not authorized to invest in prime commercial paper and bankers acceptances that choose to do so will experience increased revenues from the proceeds of such investments.
- the limitation on the investment of local government bond proceeds and debt reserves to period not to exceed two years will reduce interest revenues.
- the decrease in revenues due to the limitation will exceed the increase in revenues from the new investment possibilities resulting in a net decrease in revenues estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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